BANK WARS

The historical saga of the battle between interest-charging and non-interest-charging banking empires, is one you will not read in the history books today!

Part 4

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In the "1920s Turkey Shoot", over 16,000 banks folded or were merged out of existence. This story begins more than 200 years ago. In 1780 the United States had two interest banks. Prior to this time it had none. The people didn't believe in interest since it was forbidden by their Christian religion. By 1800 perhaps 20 of these banks had come into existence.

It was during this 20-year period that events occurred which shaped the history of the country. These events caused the War Between the States, the rapid settling of the West by bankrupt Easterners, and World War II. These two decades made inevitable everything that has followed since.

1780 The forcible ejection of the British and their banking activities left a vacuum in America. Immediately a rush was underway to fill that vacuum. Alexander Hamilton presented three arguments for a central bank. He wanted to do to the brand new United States what the Bank of England had done to England, and he wanted it done by himself and his backers who were reputed to be the Rothschilds and their Bank of England.

1781 The private Bank of Pennsylvania[1] in Philadelphia was replaced by the Bank of North America. It was later absorbed into the Pennsylvania Company for Insurance in 1923. Cornwallis surrendered the British Army at Yorktown, Virginia. Events then moved fast.

1784 Bank of New York founded—a Hamilton creation. Oldest existing commercial bank in the country. The Massachusetts Bank also formed. Virginia settled her counties of Ohio, Indiana, Illinois, Michigan and Wisconsin, and spun them off as states. Virginia, an unwilling slave-state, also saw that a law was passed prohibiting slavery in these new states.

1786 First major economic depression brought on by these new banks lending 10 and demanding 11 in payment. Banks foreclosed debtors, forcing them into poverty and debtors' prison. The state of Massachusetts had heavy debt and levied heavy taxes on its citizens to pay interest on this debt. This was exactly the same thing England had been doing. It ruined many of her own farmers.

Led by Captain Daniel Shay, 2,000 of these desperate men seized Worcester, Massachusetts and other towns. This uprising threatened the establishment of interest banking in North America. The Governor of Massachusetts quickly took the field against the 'rebels'. "Shay's Rebellion" was suppressed on 27 February 1787. The interest system had won its first victory.

1787 The Constitution was fittingly put together in Philadelphia, the home of the Bank of North America. Next, New York City, the home of the Bank of New York, was proclaimed the temporary capitol of the country.

1789 Washington was elected President. In a move toward conciliation he appointed Alexander Hamilton Secretary of the Treasury. This put the fox in the hen-house and it doomed Washington's beloved Virginia to be devastated by a war of assimilation 71 years later.

1791 First Bank of the United States was chartered. This was a private bank to which all the government's money was entrusted. Its charter was for 20 years and was also Hamilton's creation. Rep. James Madison of Virginia on 2 February opposed the bank because he said that it would:

1) banish precious metals through inflation of the money supply, and

2) result in runs on banks and bank failures.

When its successor, the Second Bank of the US, went bankrupt 50-odd years later, it was discovered that 64% of the bank's 25,000 shares were owned by foreigners—mostly British. Friends of the Bank of England had been active in America. Madison had been right.

1792 History books say that Hamilton's influence shortened the panic that calling $11 in loans when there were only $10 in existence had caused. History also says that the victors write the history books.

1794 Heavy taxes needed to pay interest on state debts caused farmers to revolt in western Pennsylvania. George Washington did what his economic advisor told him to do: he crushed the rebellion. Creditors called the uprising "The Whiskey Rebellion" as a 'put-down'. It was a tragic time for the farmers of America. Another victory for interest banking.

1824 "The Boston Revolt". In Boston, Massachusetts, a number of small private banks had been hurriedly thrown together and were eager to 'sock it to the public'. In addition to lending $10 for $11, they issued paper money. They also threatened the big banks by underbidding them for business.

The big banks retaliated by having laws passed requiring gold to be given to anyone presenting a paper bank note to an issuing bank. The big banks were too big for retaliation. This effectively brought banking rebels to 'heel', and they have continued to be obedient ever since. Today, the present policing organisation keeping surveillance over the smaller banks is called The Federal Reserve System. It is a power unto itself, refusing to allow itself to be audited since its official creation in 1913.

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The Boston Revolt was actually a civil war within the new banking system. It was the third and last revolt against the big interest-banks in the North-East. Shay's Rebellion, The Whiskey Rebellion and The Boston Revolt—two attempts with force and one financial—all three defeated. This was how the North-East was secured.

Conquest of the North, Central and South

For the next 61 years the energies of the new banking system were directed into the North-Central part of the country, into the former Virginia counties of Ohio, Indiana, Illinois, Michigan and Wisconsin. After this was accomplished, the stone wall to interest expansion presented by the plantation system of the mother state Virginia and the rest of the South was broken by armed force in 1861. The 'arrogant Southerners' were brought to heel in the same manner as their brother farmers in Massachusetts and Pennsylvania earlier.

The Boom in Banks

1812 By the time the War of 1812 ended, there were more than 250 banks in existence. In addition, there was one notable subtraction which was a first:

(Note: Big banks always encourage small banks to develop a following of borrowers. When as many people have mortgaged their property as are likely to, the big banks pass regulations which are impossible for the little banks to comply with. In 1824 it was 'gold backing'; in the 1920s it was 'reserves'. When the small banks are not able to comply, they close or are bought out. Their assets (mortgages) are taken over by the big banks. The small bank has been used as a 'finder'.)

1809 The Farmers Exchange Bank of Gloucester, Rhode Island, went broke. This was the first of the thousands which were to follow.

1834 You will note on the chart on page 33 that by this date the total number of banks had grown to 506. The fight between President Jackson of the US, and Biddle of the Second Bank of the US, has been omitted because the issue was not 'interest bank' vs 'interest-free bank', but merely who was going to control the country. Jackson won and delayed the complete bank takeover of the country for years. Biddle's bank bankrupted in 1841.

1837 "Crisis of 1837". In May of this year, all banks suspended specie payment. Six hundred banks broke down. New interest-banks were forming so rapidly that the decrease really doesn't show up on the history chart.

For the next 84 years—through depressions and booms—interest banks grew like cancer cells. Even in the awful depression which bottomed in 1896, the total number of banks increased almost yearly. Businessmen, farmers and workers, caught in the meshes of the interest contract, bankrupted by the tens of thousands pouring riches into the coffers of banks holding the contracts. This was the time when starvation stalked the land—and banking tycoons and their cronies were building mansions in every town.

Look at the dates on the big mansions in your town. You will find that most were built between 1880-1910. It was also in this period that the farmers began to give up the impossible struggle with interest compounding debt, and started to move to the cities, as happened in the identical same manner in Rome 2,000 years ago. The hills that used to be farmed in New England and the South have gone into pasture and bush.

The Roman Parallel

At the peak of her might, Rome invaded the land of old Persia. She levied a fine of 20 million. If the Persian cities did not pay, Rome would raze them as she had Corinth. Persia had no money. Roman bankers generously lent 20 million. In a few short years, principal plus interest made the debt grow to 40 million. Interest payments to Rome annually were from 2 to 4 million. This compared with the annual tribute of only 1.5 million to the Imperial Roman government. The bankers were raking off more than the state.

Money is power. The borrower is servant to the lender. This 2 to 4 million annual interest payment represented a lot of power to the banking class of Rome. A dictator came to power in Rome and declared 2,000 of these wealthy Roman banker/knights 'traitors' and confiscated their wealth (loans). This was done in the name of the state. The dictator ran the state. Now he owned the loans—and the interest. For a time he became a superbanker!

This is the type of power play which was missed by the masses in Rome. It was again missed by the masses during the "1920s Turkey Shoot" in America.

The Birth of the Giant Bank

1913 In America the business of 'guaranteed profits' whetted the appetites of greedy people all over the nation to get into banking. The number of banks grew to 27,285. Instead of stamping out these new banks, the North-East giants encouraged their growth in spite of the fact that when a pie is cut too many ways, no one gets a big slice. There were too many banks and most of them were not making as much money as they could have if there were fewer banks. To reclaim their advantage when the time was ripe, the big banks instructed the politicians to create a central regulatory commission run by the same big banks.

The Federal Reserve was created. This new creation acted much in the same manner as the Roman dictator had earlier. A lot of regulations governing banks were issued. The act bringing the Federal Reserve System into existence was co-authored by Senator Carter Glass.

1921 Seven years later the ballooning total of banks peaked at 31,076 and the big banks snapped the trap shut on the small banks.

Bank failures, 'shotgun' mergers and consolidation of assets began under the watchful eye of the Federal Reserve.

In assuming its place as the new banking 'dictator', the Federal Reserve issued numerous regulations. The "Topside" Transition Year of 1920 put an end to good times when commodity prices peaked and plunged, causing the bankruptcy of tens of thousands of businesses. This hurt banks that held the worthless loans. As planned, it caused them to violate rules and regulations of the Federal Reserve. Banks failed by the thousands.

These massive failures had the happy effect of reducing the total number of banks and increasing the assets of the survivors. There are few surviving banks that did not profit tremendously by the closing down of their competition. There are few hamlets in Virginia which do not contain an old boarded-up bank—a trophy of the "1920s Turkey Shoot".

1933 There were only 14,771 banks left; 16,305 had bitten the dust in 11 years. Feeling that enough banks had failed, the restrictions were lightened and bank failures stopped almost on a dime. This could have been done earlier if there had been a single good reason to do so. As it was, half the competition was gone and their assets now belonged to the survivors. The borrower is still servant to the lender. Half of America was in debt—and servant to the 14,000 or so surviving banks. This was much better for the surviving banks who were bigger and more powerful than anything seen before.

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"1980s Turkey Shoot"

In Rome, the dictator gobbled up the bankers and became a superbanker himself—for a time. In the "1920s Turkey Shoot", half the banks gobbled up the other half. I predict that there will be a "1980s Turkey Shoot" where the banks will again gobble up each other leaving a few 'superbanks'. Commodities are presently plummeting like the 1920s. Businesses are bankrupting in numbers like the 1920s. It seems logical to assume that certain banks owning IOUs from bankrupting businesses will in turn come under pressure. This will cause them to become prey to their stronger bank competitors.

In the "1920s Turkey Shoot", 55% of the banks hit the dust. If 55% of existing banks bite the dust again, it will leave approximately 6,300 banks. This precedent can again be found in Rome where the dictator came back the second time and took over the assets of 2,000 more banker/knights.

Perhaps the Cycle Theory will come into play. It took 73 years from a low of 715 banks in 1847 to the all-time high of 31,076 in 1920. If the 73-year retracement principle holds true, there may be only 715 superbanks left 73 years from 1920—or in 1993. Each will represent an average of 43 or more other banks whose assets it will have taken over. Its slice of the interest pie will be bigger than anything we can imagine since there will be fewer banks to share.

Bank Trust Departments

In the 1920s most of the information in this book was common knowledge among informed people. Since that time, an iron curtain of silence has descended on the West. The way this censorship is managed is most interesting.

Almost 45% of the total stock of corporations in the United States is held in trust at bank trust departments. The banks don't own these stocks. They don't keep the income from these stocks. But the banks vote these stocks.

Without having to have a single dollar of their own money at risk, the banks of the United States vote the stock that they hold in trust for others. The traditional 'rule of thumb' says that if an individual votes as much as 10% of a company's stock at a stockholders' meeting, he is usually considered to have control, or near control, of that company. The trust departments of America vote four times this amount. A full 30% of all the stock in the country is voted from the trust departments of the banks of New York.

It is true that some trusts reserve voting rights to themselves, but most leave this to the banks. The fact is, the New York banks control American industry by voting the stock held in their trust. In this way the banks control American industry and how America's industry spends its money. This allows them to control the rest of America. This is why industry-endowed colleges employ only liberal teachers, why only certain charities get money, why there is no difference between the political parties, and why every word written by newspaper chains or spoken by their TV media is filtered first.[2]

In 1928 most corporations had no debt at all. Today, with the control of corporations in the hands of lending institutions, corporate debt is predictably large.

Banks are in the business of lending money. American banks control American corporations. American corporations must borrow money when their masters tell them to. Human nature is self-serving. An investigation could quickly show if the corporations borrow from the same banks that control them.

This is important. If corporations are forced into bankruptcy because of the huge amounts of money controlling banks require them to borrow, a jury may find those banks responsible. The responsible banks could then be found liable for losses incurred.

America's corporations have been treated like cows. Once the halter has been placed about their necks by bank trust departments, they have been fattened to giant size by massive feedings of debt. Then the interest is milked from them. As a result, a large part of America's industry is oversized, overstaffed and overmortgaged. This does not benefit the corporations or the stockholders if it results in the corporation's bankruptcy. It does benefit the banks that lent the money.

Corporations build incredibly expensive skyscraper offices in New York costing hundreds of millions of dollars. It is assumed by many that these business blunders were made so that the controlling bank could profit from the loans.

The next Penn-Central type bankruptcy may force the answer to this question in court.

The few independent family-owned newspapers, TV and radio stations stay in business by advertising. Corporations do the advertising. The corporations that do the advertising are controlled by bank trust departments. The media please the banks or they don't get advertising. If they don't get advertising, they go out of business. It's that simple.

This has led to the rapid growth of 'alternate media' newsletters, small newspapers, books (such as this one) and periodicals. People are attempting to gain news not present in today's media, since most of today's media carries corporate advertising and has been 'bought' while trying to keep that advertising.

In a political contest, corporate donations and media coverage tend to go to the candidate who pleases the New York banks. It is virtually impossible to reach the top rungs of the political ladder without going by this rule. Frankly, the banking industry would be foolish to support their enemies. For this reason it must be assumed that any candidate endorsed by the media is also pleasing the New York money interests.

The banks control the nation's corporations through their ability to vote stock held in trust. The corporations controlled by the banks in turn control politicians, colleges and media with their donations and advertising. These in turn reflect the opinions of their masters.

Banks and Bank Stocks

The foregoing shows how usury banks have grown—through good times and bad. It would seem that this is the one foolproof investment that will guarantee a profit in the days ahead. It is easy to sit back and dream about becoming one of the rulers of the West by buying into one of the stronger New York banks and hoping IT will emerge the grand winner in the 'bank-eat-bank' period ahead.

Don't count on it. The odds may be worse than you think for the following reasons:

1) A fog of uncertainty will fall over the entire banking industry in the days ahead as farmers, corporations and countries default.

2) It is virtually impossible to know which bank owns strong loans and which owns weak ones; therefore, it is virtually impossible to guess the survivors.

3) The greatest cloud over the interest-banking industry has just now begun to rise and overshadow all else. Its name? Reform!

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Solutions—Reform or Conquest

In the past, to alleviate the suffering of their nations caused by interest banking, rulers in Greece and Rome in the ancient world, and Austria, France, Portugal and many other nations in the modern world, have been forced to nullify debt. This is the STATE acting in a financial crisis.

The traditional position of the Christian Church on the subject has been to condemn usury banking. The recent position of Pastor Sheldon Emry is typical:

"'And thou shall number...forty and nine years. Then shalt...the trumpet of the Jubilee to sound...and ye shall return every man unto his possession.' (*Leviticus* 25:8-10.)

"...this is a year of cancellation of all debts and the return of all foreclosed properties to the rightful owner. This is what can, what must and what will be done in America.

"Debts, such as mortgages on homes, farms, businesses, automobile loans, the Federal debt, and all state and local bonded debts are all illegal under God's law and since they have been obtained by the moneylenders through violations of the law and Constitution of the United States, they must be cancelled."[3]

Others quote *Revelation* 18:2-18:

"...Babylon the Great is fallen...she shall be utterly burned with fire...that mighty city! For in one hour is thy judgment come... For in one hour so great riches is come to nought. And every shipmaster, and all the company in ships...cried when they saw the smoke of her burning..."

Certain Christian leaders are calling New York—the centre of world usury—the 'harlot', as if she were modern-day Babylon and the above scriptures were to be fulfilled tomorrow! These words—these opinions—have not been spoken with such fervour for generations.

Not caring whose toes they step on, more and more ministers are raising the banner against interest. Worsening economic conditions could quickly mushroom it into a tidal wave. This is a force transcending and sweeping away economic theory. It has historical precedent.

The West outlawed interest for over 1,000 years and instituted interest-free banking in obedience to their religious teachings and to protect unsophisticated debtors. The present rising demand to return to that form of banking was triggered by the resurrection of Arab interest-free banks which are presently in operation.

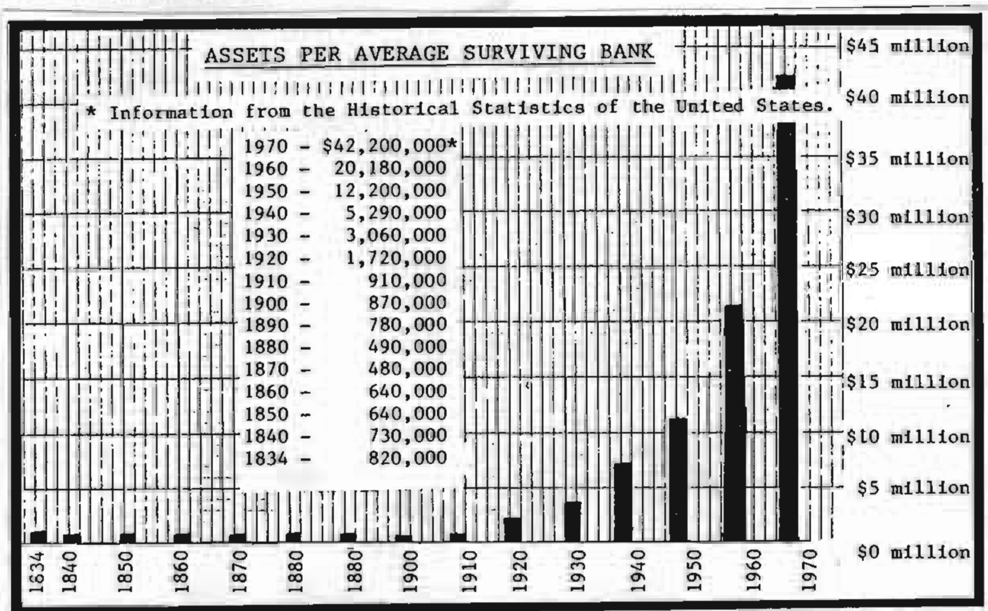
If neither the State nor the Christian Church causes the demise of interest banks in the days ahead, the time will inevitably arrive when there will be only two superbanks left. One will take over the other. Since the borrower is servant to the lender, whoever rules the surviving bank will also rule the world.

African Colonisation

In 1921 the unemployment rate reached 22%. Blacks had the highest rates. Many were desolate and hungry. Word was received from their kinsmen in Africa, who had been repatriated more than 100 years before, that there was plenty to eat there. 'Back to Africa' movements sprang up overnight.

The largest and best known was the Universal Negro Improvement Association. This six million-member organisation was founded by a remarkable black genius named Marcus Garvey.

Garvey's organisation spread over North, Central and South America. He distrusted whites—with good reason. White liberals did everything in their power to stop blacks from leaving America. Marcus Garvey despaired of getting help. He decided to go it alone.



The tremendous number of banks being formed in the 1800's kept assets per bank low. It was not until 1921 when wholesale bank failures started that the "good times" came. While banks were folding from 1920 to 1930 the assets per survivor rose 83%. In the catastrophic 1930 depression the banks lost a total of 55% of their number. The assets per surviving bank rose another 71% by 1940. It was a profitable time – for the surviving banks.

He sold shares of stock to buy ships for his all-negro Black Star Line. "An 'all white' court deemed Garvey's efforts visionary, impractical and partaking of fraud. He was sentenced to five years in a federal prison."[4] When he was released he was deported as an undesirable alien.

As soon as the Garvey movement was put down, another one arose—the Peace Movement of Ethiopia. In 1933 a petition signed by two million blacks was sent to President Roosevelt requesting that their relief money be put in a fund to help them to return to Africa.

Roosevelt had been put into the White House by the North-East lending interests. His job was to force Americans to borrow money into existence to get the country out of the depression, and also turn a profit for the banks. He couldn't allow millions of debt-free potential borrowers to leave. He refused to see the black delegation with the petition.

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In 1939 Senator Bilbo introduced the Greater Liberia Bill, supported with a petition signed by two and one-half million blacks. The bill was quietly sent to committee to die. Mrs Gordon, President of the Peace Movement of Ethiopia, spoke strongly against the attempt to kill the bill. She was charged under the sedition laws and jailed for two years in a federal prison.

In 1949 Senator Langer presented the Langer Bill to aid blacks who wished to return to Africa. It was backed by many black organisations. It was referred to the Committee on Foreign Relations and never heard from again.

As discussed earlier, in a usury society slaves are freed to borrow money into existence and for no other reason. The ex-slave has freedom only to borrow money into existence. He does not have the freedom to remove himself from the society.[5]

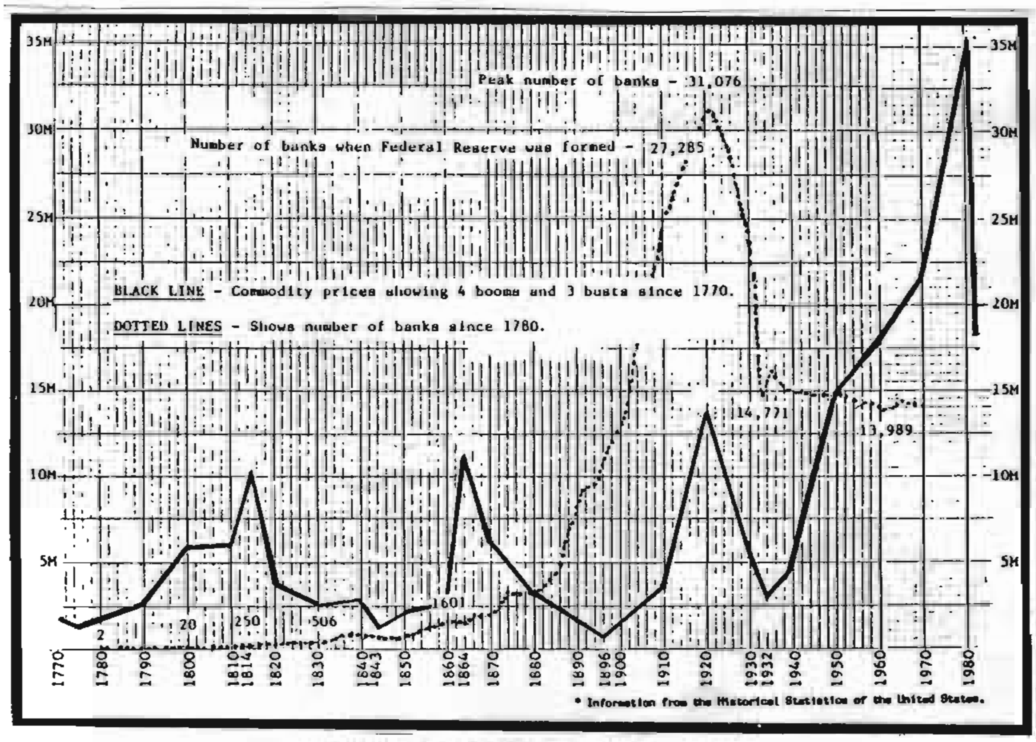
1923 A total of 18,718 businesses failed. My father, Dr John H. Hoskins, was a physician in Hazard, Kentucky. His patients were miners. Coal prices peaked in 1920 and started down. He had plenty of patients, but the patients had no money. Dad couldn't meet expenses and lost his hospital. There was a radical change in the nation's economy between 1920 and 1923.

In the 1920s it was the banks that sold most of the stocks traded on the exchanges, not the brokerage firms. They sold stocks on 10% margin and lent 90% at high rates of interest. Fantastic sums were borrowed for this purpose.

1925 Washington state municipal defaults started, including Tacoma and Spokane. Two per cent of the banks failed. The stock market climbed.

1926 Mussolini regulated pimps, whores and usurers to a fixed place of business. Fifty-five municipalities went into default in Washington state. Two per cent more of the banks failed. The stock market was still strong.

1927 Four per cent of the banks failed. Stock market soared. Florida defaults started again, joined by Arkansas municipal defaults.



NUMBER OF BANKS SINCE 1780

References:

1. As in the case of Holland and England earlier, many of the new nation's rulers were in the usurers' pockets. Among those who were permitted to get in on the original subscription to this bank were Benjamin Franklin, Thomas Jefferson, Alexander Hamilton, James Monroe, John Jay, John Paul Jones and Commodore John Barry. Robert Morris, superintendent of finance for the Continental Congress, was a leading force. The bank opened with capital assets of $335,000 on 1 January 1782. In four years it had assets of $2,000,000—a 600% growth. This bank grew until it had 68 branches in its own trade area. In 1836 it included the Bank of St Thomas in the Virgin Islands. In 1935 it took over the National Bank of the Danish West Indies, an international network based in London. In its possession is the oldest cheque drawn on a bank in America, dated 18 March 1782.

2. A rare UP article which appeared in the *Arizona Republic*, 7 January 1974, revealed that "Chase Manhattan Bank in 1972 held...stock...in 28 broadcasting firms (while) Morgan Guarantee used 13 'nominee names'...which cloaked..the fact that Morgan Guarantee was among the top 10 stockholders of 41 different utility companies."

3. Sheldon Emry (PO Box 5334, Phoenix, AZ 85010, USA) is one of the most outspoken Christian ministers in America on the subject of Bible Law. He has an information newsletter and an excellent tape ministry available for a modest donation.

4. Ernest Sevier Cox, *Teutonic Unity*, Richmond, Virginia, 1951. His *White America* is in print and may be purchased from The Noontide Press, PO Box 76062, Los Angeles, CA 90005, USA.

5. Abraham Lincoln supported the African colonisation programme. This is the other reason, in addition to his issuing 'greenbacks', which is given by some for his being shot.